



New Retiree's Handbook

Employees' Retirement System

County

A Guide For:
Service-Connected Disability Retirees
and
Ordinary Disability Retirees

2003



A Publication from the Fairfax County Retirement Administration Agency



RETIREE HANDBOOK

RETIREMENT ISSUES – Employees' Retirement System

I'm Almost Ready To Retire...What Do I Do? Is Counseling Available?

What Kind of Retirement Will I Be Eligible For? What Will I Get?

Decisions to Make at Retirement

Other Questions

Your First Check

Direct Deposit

Workers' Compensation

Retiree Report/Other Information

BENEFITS ISSUES (County)

Leave Payoff

Health Insurance

Dental Insurance

Group Term Life Insurance

Universal Life Insurance

Long-Term Disability (Salary) Insurance

Flexible Spending Accounts

Deferred Compensation

Savings Bonds

Long Term Care

Charitable Contributions

Beneficiary and Address Changes

Miscellaneous Notes

OTHER ISSUES

Credit Union

Fitness Center

Prohibition Regarding Future Employment Activities

Social Security and Medicare

Area Agency on Aging

Volunteer Opportunities

Retiree Association

APPENDIX

This booklet is a summary of information for Fairfax County Employees retiring on an ordinary or service-connected disability retirement. You can find more detailed information about these subjects in the Employees' Retirement System Handbook and County Personnel Regulations and Policies. (The Fairfax County Code will govern in the event of any error in this booklet.)

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Retirement Issues – Employees’ Retirement System

I’m Almost Ready To Retire. . .What Do I Do? Is Counseling Available?

If you have not already received a personalized estimate of your retirement benefits, and counseling regarding your retirement options, call the Retirement Agency at 703-279-8200.

You are encouraged to enroll in a Pre-Retirement Seminar if you are within five years of retirement. These seminars will discuss a variety of retirement issues including how to calculate your retirement benefit, financial and estate planning, your benefits, etc. For information about these seminars visit the Retirement Agency website at <http://www.fairfaxcounty.gov/retbrd/ouindex.html> and click on “Planning for Retirement Course Description” or call 703-279-8200.

What Kind of Retirement Will I Be Eligible For? What Will I Get?

To understand how your benefit is calculated, you need to understand the definition of the following terms:

Average Final Compensation (AFC): is the average of the highest consecutive 78 bi-weekly pay periods any time in your career with the County. For Service-Connected Disability retirees, AFC also includes the salary you would have received during periods paid by Workers' Compensation. Periods of Leave Without Pay (LWOP) for approved Family and Medical Leave will be ignored when calculating highest consecutive pay periods.

Service-Connected Disability: an injury or illness that makes it impossible for you to continue to perform the job for which you were hired. The injury or illness was job related.

Ordinary Disability: an injury or illness that makes it impossible for you to continue to perform the job for which you were hired. The injury or illness was not job related.

• **Service-Connected Disability Retirement**: A Service-Connected Disability Retirement is available for you if you are unable to do the job for which you were hired due to a job-related injury or illness, regardless of your length of service. You or your agency may initiate the application process. To be eligible for this benefit you must apply for Workers' Compensation and Social Security benefits and the System's Board of Trustees (with a recommendation from the Medical Examining Board) must find that you are medically disabled and that the injury or illness was job-related. Your benefit with a service-connected disability retirement is $66\frac{2}{3}$ of your AFC. This tax-free benefit is reduced by payments you receive from Workers' Compensation and 64% of your Social Security disability or age 62 retirement benefits (see note below). In addition, your retirement benefit will be reduced if you have outside earnings so that the total of your retirement benefits and outside earnings do not exceed what you would have earned if you were still working.

Service-Connected Disability retirees must accept medical services, vocational rehabilitation, or other employment under the Workers' Compensation Act or face

suspension of their Workers' Compensation benefits. If those benefits are suspended, the Board of Trustees has the option to continue calculating the retirement benefit as though the retiree was still receiving those benefits.

Between the member's disability retirement and age 65, a medical examination is required once a year for the first five years of disability retirement, and once every three years thereafter. Refusal to submit to a medical exam may result in the termination of disability retirement benefits. Disability benefits may start again if the member submits to a medical exam – but only if the member agrees to take the exam within one year of the day he or she was first requested to do so. The Board of Trustees may require the member to apply for positions with Fairfax County or Fairfax County Public Schools for which he or she is qualified. Failure to accept a position offered may result in a reduction or termination of benefits.

When Workers' Compensation benefits have ceased, Service-Connected Disability retirees must undergo periodic medical re-evaluations as required by the System's Board of Trustees. Service-Connected Disability retirees who have not yet reached age 65 (or their normal retirement date) must also send in a copy of their tax returns and W-2 forms each year to verify their outside earnings.

There is also a Service-Connected Accidental Death Benefit payable to your survivor if your death is directly related to your service-connected disability.

NOTE: The offset for Social Security benefits is based on the first benefit you become eligible to receive. When you reach age 62, if you are not already receiving Social Security Disability benefits, you will be required to contact the Social Security Administration for an estimate of your retirement benefit at age 62. Your Service-Connected Disability retirement benefit will be reduced by 64% of this amount, beginning when you turn 62, regardless of whether or not you elect to begin receiving the Social Security benefits at that time.

• **Ordinary Disability Retirement:** Members of the System with at least five years of service may apply for Ordinary Disability Retirement. The System's Board of Trustees will approve this retirement if it determines (with a recommendation from the Medical Examining Board) that the member is unable to do the job for which he or she was hired, and that the injury or illness was not job-related.

Benefits are calculated at 2% times AFC times the member's service. The total is then increased by 3%. Unused sick leave may be credited as service at the rate of 172 hours of sick leave per month of service for full-time employees (or pro-rated for part-time employees). LWOP does not count as service. If you are a part-time employee, your AFC and service are annualized (see the Employees' Retirement System Handbook or call the Retirement Agency for more information). Benefits are taxable. Between the member's disability retirement and age 65, a medical examination is required once a year for the first five years of disability retirement, and once every three years thereafter. Refusal to submit to a medical exam may result in the termination of disability retirement benefits. Benefits may start again if the member submits to a medical exam C but only if the member agrees to take the exam within one year of the day he or she was first requested to do so. The Board of Trustees may require the member to apply for positions with Fairfax County or Fairfax County Public Schools for which he or she is qualified. Failure to accept a position offered may result in a

reduction or termination of benefits. Benefits cease if the member returns to work with Fairfax County before his or her normal retirement date.

- **Optional Spouse's Benefit:** If you should die before retiring with at least five years of service and you have named your spouse as your beneficiary, your spouse may elect, within 180 days of your death, to receive 50% of the regular service retirement you would be eligible for on the date of your death. This does not include any Pre-Social Security Benefit. If your spouse does not elect this option, your designated beneficiary (or your estate) will receive a refund of your accumulated contributions and interest. Surviving spouses should contact the Retirement Agency for the necessary application.

Applications for disability retirements must generally be made within one year of your termination from Fairfax County. The application forms for disability retirement are included at the end of this booklet including forms to be completed by you and by your physician. Once they have been completed and returned and the Medical Exam Unit has made its recommendation, the Board of Trustees will make a determination if you are medically disabled and if the disability was job-related. To appeal a decision of the Board of Trustees, send a request in writing to the Retirement Agency within 30 days of the Board's decision.

Decisions You Must Make at Retirement

- **When Should I Go?** If you are disabled, you may be able to use your annual, sick or injury leave (if available) or compensatory time (if available) until your retirement is approved. However, once you decide to retire, there are several things that you should consider while deciding when in the year you wish your retirement to become effective.

Market Adjustments and Pay for Performance Increases: You may wish to wait until after the effective date of a market adjustment or salary increase in order to have your AFC and annual leave/compensatory time payoff calculated at the highest possible salary or choose a date that will provide you with the highest possible prorated first year adjustment on your retirement benefit.

Leave Implications: You may wish to retire before your excess annual leave is converted to sick leave or excess compensatory time is lost in January or, you may choose to wait until after the excess annual leave is converted to sick leave which counts as service.

Tax Implications: You may wish to choose a retirement date that allows your annual leave/compensatory time payoff to be paid after January 1 so that it will not be included as part of your taxable salary for your last year of employment.

- **Deductions/Taxes:** You will have to make decisions about any deductions or, if you are retiring on an Ordinary Disability Retirement, any tax withholding you may wish to have taken from your retirement check.

Deductions: You may request that deductions for County group term life, dental and health insurance premiums, as well as contributions (if any) to your credit union be taken from your retirement benefits. In addition, federal and Virginia state income tax will be withheld at your request. If you are liable for another state's taxes you will have

to file estimated tax forms with that state.

Other Questions

- **Can My Benefits Be Assigned, Attached or Garnished?** No, except to the extent permitted by Virginia law for spousal and/or child support or for Internal Revenue Service (IRS) tax levy or Chapter 13 bankruptcy court orders.

- **Will I Receive Cost-of-Living Adjustments (COLAs) as a Retiree?** Yes. Retirees receive COLAs based on the lower of 4% or the Consumer Price Index increase for the Washington, D.C. area each year on July 1. COLAs are pro-rated in your first year of retirement. For Service-Connected Disability retirees, COLAs are paid on the net benefit after offsets (if any) for Workers' Compensation and Social Security.

- **Are My Benefits Taxed?** Service-Connected Disability Retirement benefits are not taxable while Ordinary Disability Retirement benefits are generally taxable. Contributions you made prior to January 1, 1985, have already been taxed and are not taxable again. According to IRS regulations, a small portion of these already-taxed contributions will be included in each of your Ordinary Disability Retirement checks. At the end of each year, you will be sent a IRS Form 1099-R showing the taxable and previously taxed benefits paid to you that year along with the amount of any taxes you have had withheld. Service-Connected Disability retirees do not receive a 1099-R.

- **What Information Will I Need to Retire?** A completed retirement application and statement of disability from you and your physician (see the Appendix for blank forms) along with any relevant medical records relating to your claim. If you are applying for Service-Connected Disability retirement you will also be required to provide documentation showing you have applied for Workers' Compensation and Social Security benefits.

- **What Happens If I Return to Work For Fairfax County After I Retire?**
—*Service -Connected Disability Retiree*: If you are a Service-Connected Disability retiree and are hired again to a position covered by the Retirement System from which you are retired, your retirement benefits will cease and you will again become a contributing member of the System. In essence, you will "unretire." When you later retire, you will receive credit for the time when you were retired and your new retirement benefit will be calculated as though you had never left. If you are hired to any other position covered by one of the other Fairfax County Retirement Systems, you will retain your annuity but are barred from joining the new System. In addition, your combined salary and retirement benefits may not exceed the salary authorized for the then current maximum monthly salary for a Deputy County Executive, Grade E-14. If you exceed that cap, your retirement benefits will be reduced accordingly.

- Ordinary Disability Retiree*: If you are an Ordinary Disability retiree and are hired to any retirement eligible position by the same appointing authority for which you were employed prior to retirement, your retirement benefits will cease.

Your First Check

Retirement benefits are paid once a month on the last working day of the month.

You will receive your first check at the end of the first full month in which your disability retirement has been approved by the Board of Trustees. Since your first check will include all retirement benefits earned from your date of retirement it is often larger than subsequent checks. For instance, if you retire September 10, you will receive your first retirement check the last working day of October. The check, however, will include your retirement annuity for October and the portion of September after you retired.

Direct Deposit

Direct Deposit is required for retirees. You will, however, receive your first check in the mail. The Direct Deposit Authorization form must be completed by each member at retirement.

To change banks or account numbers, call the Retirement Agency at 703-279-8200 or 1-800-333-1633 to request the appropriate form.

Workers' Compensation

If you have questions about your Workers' Compensation benefits, Cost-of-Living Adjustments to those benefits, or medical/rehabilitative services provided under the provisions of the Workers' Compensation Act you may contact Risk Management at 703-324-3040 or 1-800-999-0709.

Retiree Report/Other Information

It is important for you to keep abreast of changes in the laws that could affect your retirement and other benefits. One source for some of this information is the *Retiree Report*, published quarterly by the Retirement Agency.

Personnel Issues (County)

Leave Payoff

When you retire, you are paid for your accumulated annual (no maximum) and compensatory leave (not to exceed 240 hours). Sick leave is not paid but is used in the calculation of your retirement.

There are several things to consider with regard to your leave payoff:

- Social Security Benefits – If you are eligible to receive Social Security benefits, your leave payoff could affect those benefits. This is because Social Security benefits are subject to an earnings cap and your leave payoff is considered earnings.

We recommend that you contact the Department of Human Resources, Payroll Division regarding this matter. The Payroll Division can give you a letter which explains

your leave payoff to the Social Security Administration. The letter will show the dollar value of the leave you earned in prior years versus the value of the leave earned in the year you receive the leave payoff. *Only the leave you earned in the year you receive your leave payoff should be counted toward your Social Security earnings cap.*

- Federal and State Tax Withholding – Federal tax withholding is 28% on leave payoffs. State tax withholding is 5.75%. You have an option to raise or lower the standard withholding amount. To change the standard withholding, ask your payroll clerk for the form titled: *AUTHORIZATION TO CHANGE STANDARD WITHHOLDING ON A LUMP SUM DISTRIBUTION*.

- Social Security and Medicare Tax Withholding – If you receive your leave payoff before the end of the tax year in which you retire, and you have reached the maximum earnings subject to Social Security earnings for that tax year, you will not have Social Security tax withheld from your leave payoff. Medicare tax will be withheld because there is no limit on the earnings that are subject to Medicare tax.

- Timing – Routinely, your leave payoff is received two weeks after your last paycheck. However, you can make arrangements to receive your leave payoff at the time you receive your last paycheck. This option is made available to retirees who are leaving the area or who find this a more convenient way to handle their final compensation.

For information and assistance, call the Department of Human Resources, Payroll Division at 703-324-3412.

Health Insurance

If you are enrolled in one of the County's health insurance plans when you retire, you and your dependents are eligible to continue to be covered by one of the County's health insurance plans. If you are not enrolled in one of the County's health insurance plans at retirement, or if you ever drop your coverage after retirement, you will be asked to sign a form acknowledging that you will **NOT** be able to enroll in one of the County's health insurance plans in the future. The only exception to this policy is if you or your spouse is hired by the County in a position that entitles you to health insurance.

At retirement, you may add or remove dependents from your coverage but you cannot change plans. After you retire you may drop dependents at any time but you may only add dependents or change plans during Open Enrollment for retirees held every November. If, however, you live beyond the boundaries of your plan's service area or move beyond the boundaries of your plan's service area, you will be ineligible to continue with that plan. You may enroll in another health plan for which you are eligible if you make the request to the Retirement Agency within 60 days of when you become ineligible.

When you or your spouse become eligible for Medicare (see section on Medicare), you are required to sign up for both Part A and Part B. If you do not sign up when you become eligible, and you are enrolled in the FairChoice+ or Blue Preferred

PPO plan, you will be responsible for paying the portions of your claims that Medicare would have paid. If you are enrolled in Kaiser as a retiree, when you or your spouse becomes eligible for Medicare, you must apply for Medicare and Kaiser Medicare Plus. To apply for Medicare Plus, you should contact Kaiser at (301) 816-6428 and request an application. If you do not apply for Medicare Plus at the time you become eligible for Medicare, you must change to another health plan for which you are eligible within 60 days of becoming eligible for Medicare or your coverage will be cancelled. If you have CIGNA coverage when you or your spouse becomes eligible for Medicare, you must cancel your coverage or change to another plan for which you are eligible within 60 days of Medicare eligibility.

The County reserves the right to make changes in the health plan benefits so they may not continue at the same level that exists when you retire.

Current rates for the health plans available to retirees are available from the Retirement Agency. As a retiree, you pay the full cost of your health insurance. If you keep your health insurance coverage through Fairfax County, the County will pay a subsidy toward the cost of your County health insurance premium. If you retire with an ordinary disability, your subsidy will be effective at the time of retirement and will be calculated based on your age and years of service. The health insurance subsidy is calculated according to age and years of service according to the table below:

Commencement	Age 55	Age 55
Subsidy	Monthly	Monthly
Age at Retirement: <i>(Note: Subsidy payments for retirees over age 65 are adjusted for Medicare)</i>	< 65	> 65
5 - 9	\$25	\$15
10 - 14	\$50	\$25
15 - 19	\$125	\$75
20 - 24	\$150	\$100
25 or more	\$175	\$125

If you retire with a service-connected disability, your subsidy will start at the time of your retirement and will be \$175 per month until age 65 at which time it will drop to \$125 per month.

If you should die after retirement, your surviving spouse may continue to be covered by County health insurance only if the surviving spouse was covered by County health insurance at the time of your death. As a disability retiree, even if you were receiving a subsidy at your death, your surviving spouse will not be eligible to receive the subsidy after your death.

If you have questions or problems with your health insurance, call the plan's customer service representatives directly. If you are still unable to resolve your concern, or if you want to make changes to your coverage, contact the Retirement Agency at 703-279-8200 or 1-800-333-1633.

Dental Insurance

Retirees who are covered by dental insurance when they retire may continue to have dental insurance premiums deducted from their checks.

Group Term Life Insurance

If you are covered by the County's Group Term Life Insurance when you retire, you may continue to be covered as a retiree. Your share of the premiums will be deducted from your retirement check and the County will continue to pay the "employer's share" of the premium. The amount of your coverage will be reduced to 65% of your original coverage the September following your 65th birthday or your retirement whichever comes first. It will be reduced again to 30% of your original coverage the September following your 70th birthday. Premiums will be reduced in August to reflect the lower coverage. If you elect the \$10,000 level of coverage (see below) there will be no reduction in coverage. The accidental death and dismemberment provision of the policy terminates at your retirement.

You will be given several options regarding your life insurance when you retire. The options available to you depend on the coverage you have as an employee.

Option A: Employee has "basic" employer-paid coverage of one times salary, and does not have optional additional coverage. Employee may elect:

1. Continue "basic" coverage with reductions above. County pays for 50% of coverage amount. Retiree pays remaining 50% at age-banded rates.
2. Reduce "basic" coverage to \$10,000*. County pays for 50% of coverage amount. Retiree pays remaining 50% at age-banded rates.
3. Discontinue coverage.

Option B: Employee has "basic" employer-paid coverage of one times salary plus optional employee-paid coverage of one times salary. Employee may elect:

1. Continue "basic" coverage and optional coverage of one times salary with reductions above. County pays for 50% of coverage amount. Retiree pays remaining 50% at age-banded rates.
2. Continue "basic" coverage only with reductions above. County pays for 50% of coverage amount. Retiree pays remaining 50% at age-banded rates.
3. Reduce total coverage to \$10,000*. County pays for 50% of coverage amount. Retiree pays remaining 50% at age-banded rates.
4. Discontinue coverage.

Option C: Employee has "basic" employee-paid coverage of one times salary plus optional employee-paid coverage of two times salary.

1. Continue "basic" coverage and optional coverage of two times salary with reductions above. County pays for 33-1/3% of coverage amount. Retiree pays remaining 66-2/3% at age-banded rates.
2. Continue "basic" coverage and optional coverage of one times salary with

reductions above. County pays for 50% of coverage amount.

3. Continue "basic" coverage only, of one times salary. County pays for 50% of coverage amount. Retiree pays remaining 50% at age-banded rates.
4. Reduce total coverage to \$10,000*. County pays for 50% of coverage amount. Retiree pays remaining 50% at age-banded rates.
5. Discontinue coverage.

At age 80, all retirees with term life insurance coverage will have the option to reduce their coverage to \$5,000*. The County will pay for 50% of this coverage. The retiree pays the remaining 50% at age-banded rates.

*Retirees may elect to decrease coverage to \$10,000 or elect to decrease coverage at age 80 to \$5,000 only if that amount is the same or less than the coverage would have been with the reductions above.

Premiums per \$1,000 of coverage effective for those members retiring after January 1, 2003 are:

AGE	RATE per \$1,000
Under 30	\$.09
30-49	\$.18
50-59	\$.32
60-79	\$.53
80	\$3.67
81	\$4.03
82	\$4.56
83	\$5.18
84	\$5.82
85	\$6.45
86	\$7.07
87	\$7.71
88	\$8.34
89	\$8.97
90	\$13.52
91	\$18.06
92	\$22.62
93	\$27.17
94	\$31.72
95	\$36.26

For information about your premiums, call the Retirement Agency at 703-279-8200 or 1-800-333-1633. To change your beneficiary or if you have questions about your coverage, call the Department of Human Resources at 703-324-4917.

Universal Life Insurance

If you have Universal Life Insurance, you may continue your coverage on your own but it cannot be deducted from your retirement check. To continue this insurance, contact the Employee Benefits Division at 703-329-4917 for the name and telephone

number of the insurance carrier.

Long Term Disability (Salary) Insurance

If you have had Long Term Disability Insurance you should apply for disability benefits by contacting the Department of Human Resources, Employee Benefits Division at 703-324-4917. If you are not eligible to receive long-term disability insurance benefits and you have been covered by the policy with Cigna for at least 12 consecutive months prior to your retirement and will be gain employed elsewhere, you are eligible to convert to a disability conversion insurance plan.

Payment for this coverage cannot be deducted from your retirement check. You have 31 days from the date of your retirement to submit an application for automatic conversion. If you apply for the new coverage more than 31 days after your retirement you will be required to supply evidence of insurability. For a conversion application contact the Department of Human Resources, Employee Benefits Division at 703-324-4917.

Flexible Spending Accounts

- Dependent Care Assistance Program: Your pre-tax deductions cease with your last regular paycheck. However, you may continue to submit claims for eligible expenses for the plan year until March 31 of the following year and/or until your account balance is exhausted. Claims questions should be directed to Ceridian Benefits Services at 1-877-799-8820.

- Health Care Spending Account: Your pre-tax deductions cease with your last regular paycheck. You then have 90 days to submit claims for medical expenses incurred from the beginning of the plan year until the date of your last regular paycheck. If you do not have sufficient claims incurred to completely exhaust your account, the remaining balance will be forfeited unless you make arrangements to continue making your contributions on an after-tax basis to your Medical Spending Account directly to the Department of Human Resources. You can continue to make contributions until the end of the plan year or you may stop earlier (i.e. when you have incurred enough medical expenses to exhaust your account) by contacting the Department of Human Resources, Employee Benefits Sections at 703-324-4917.

For more information call Ceridian Benefits Services at 1-877-799-8820.

Deferred Compensation Plans

As a retiree, you may not contribute to the Deferred Compensation Plan. Your account with T. Rowe Price, ICMA, and/or VALIC will continue to accumulate earnings based on the investments you choose and you will continue to receive quarterly statement. You may continue to transfer your money among funds within each company and transfer money between the three companies provided you have not yet begun to receive payments.

When you retire, you will receive a letter from the Department of Human Resources explaining your payout options. For more information, contact the Office of Personnel, Benefits Division at 703-324-4917 or contact the 457, Deferred Compensation vendor directly.

Savings Bonds

If you are purchasing Savings Bonds through payroll deduction, your participation in the program will terminate with your last regular paycheck.

Long Term Care

Long Term Care Insurance is available through the County's group plan with Aetna. If you already have Long Term Care with the County and have been utilizing payroll deductions, once you retire, you will need to make arrangements to pay Aetna directly, using their "direct pay" option. For more information, visit www.aetna.com/group/fairfaxcounty or call 1-800-537-8521.

Charitable Contributions

Your charitable contributions will automatically cease with your last regular paycheck. If you wish to fulfill your pledge you may contact: Fairfax-Falls Church United Way, 8381 Old Courthouse Road, Suite 140, Vienna, VA 22180-3818 or call 703-847-0400.

Beneficiary and Address Changes

When you retire, you will be asked to name a beneficiary to receive the balance of your contributions should you die before they are exhausted. If you want to change

your beneficiary, you must request a Change of Beneficiary Card from the Retirement Agency by calling 703-279-8200 or 1-800-333-1633.

PLEASE NOTE: All beneficiary requests must be made in writing. Notifying the Retirement Agency will not change your beneficiary for any other benefits. To change other beneficiary information, contact the Department of Human Resources, Benefits Division or the Company providing the benefit directly.

Miscellaneous Notes

- If you plan to move when you retire, remember to notify your payroll clerk of your new address so your W-2 Form will not be delayed.
- All employees must complete the Employee Clearance Record before retiring. Ask your payroll clerk about this.
- If you would like to receive the *Courier* after you retire, please notify the Retirement Agency. It takes about 6-8 weeks to begin receiving the *Courier*.

Other Issues

Credit Union

You may continue to be a member of the Fairfax County Employees Credit Union or Apple Credit Union after you retire. Deductions to the Credit Union may be taken from your retirement check and you may elect to have your retirement benefit directly deposited into your Credit Union account. If you have a loan with the Credit Union and are making payments from your paycheck, you must contact the Credit Union and let them know to begin taking the payments from your retirement check instead. For more information, contact the Fairfax County Employees Credit Union at 4105 Rust Road, Fairfax, VA 22030, 703-591-0252 or the Apple Credit Union at P.O. Box 1200, Fairfax, VA 22030, 703-323-2046.

Fitness Center

Retirees are eligible to use the exercise equipment in the Fitness Center in the Government Center. Hours and cost are the same as for active employees. In addition, there are aerobics and other exercise classes offered at the Fitness Center for minimal fees. For more information stop by the Fitness Center.

Prohibition Regarding Future Employment Activities

For one year after your employment with Fairfax County ends, you may not be involved in certain activities in your subsequent employment. You may not assist anyone (other than another governmental agency) with respect to any matter you participated in while in County service, if your participation as a County employee involved a decision, approval, or recommendation with respect to the matter. For more information or a copy of the policy, contact the Department of Human Resources.

Social Security and Medicare

- Social Security: If you are totally disabled and cannot do any kind of work for at least one year or have a condition that will result in your death, you and your family members may be eligible to receive disability benefits through Social Security. These benefits are based on your lifetime earnings. If you are not eligible for disability benefits you will probably be eligible to receive reduced Social Security retirement benefits as early as age 62. Unreduced benefits are available at age 65-67 (depending on your year of birth). You may be eligible to receive those benefits based on your own earnings or on the earnings of your current or former spouse. In addition, Social Security provides benefits for your surviving spouses and children when you die. Surviving spouses (including divorced spouses) may be eligible to receive survivor benefits as early as age 60 or earlier if they are disabled or caring for eligible children. Social Security also provides Supplemental Security Income (SSI) benefits for those with low incomes and limited assets who are blind, disabled or over age 65.

For more information or to apply for benefits call Social Security at 1-800-772-1213. For retirement benefits, its best to call up to three months before the month you plan to begin receiving benefits.

During the first calendar year in which you collect Social Security benefits you will be paid for each month in which your earnings do not exceed a limit based on your age. After the first year, if your *annual* earnings exceed certain limits, your benefits will be reduced. Therefore, if you retire late in one calendar year and you receive payment for your annual leave and compensatory time in the next calendar year, your benefits could be affected since your leave payoff may cause you to exceed your annual earnings cap. In that case you may request a letter from the Department of Human Resources, Payroll Division at 703-324-3339 that informs the Social Security Administration that the leave was earned in a prior year (*see section on Leave Payoff*).

- Medicare: If you are age 65, receive Social Security disability benefits and you are not covered by another employer's health plan, you may be eligible for Medicare. (*Fairfax County retirees covered by one of the County's health insurance plans are not considered covered by an employer's health plan. They are considered covered in a retiree's health plan.*) Medicare has two parts. Part A is free and pays for covered inpatient hospital care. Part B costs \$58.70 for calendar year 2003 (deducted from your Social Security check) and covers doctors' services, outpatient hospital care and other medical services. Those enrolled in one of the County health insurance plans are required to sign up for both Part A and Part B when first eligible.

If you are receiving Social Security benefits you will automatically be enrolled in Medicare when you become eligible. If you are not receiving Social Security benefits, you must contact the Social Security Administration at 1-800-772-1213 up to three months before the month in which you turn age 65 to sign up for Medicare. If you do not sign up for Medicare Part B when first eligible you may be assessed a 10% penalty for each year that you are not enrolled. However, if you are over age 65 when you retire, you may avoid the penalty by requesting a form from Social Security to be filled out by the Department of Human Resources, Benefits Division (County) or from the Schools Benefits Office which informs Medicare that you were enrolled in an employers health plan until the date of your retirement.

Medicare Part A pays most costs for inpatient hospital, skilled nursing facilities, home health and hospice care. Part B pays many of the costs for doctors' services; outpatient hospital services; home health visits; diagnostic X-rays, laboratory and other tests; certain ambulance services; and some other medical services and supplies. Both Part A and B require you to pay deductibles and some portion of the cost of covered services. Currently, Medicare provides no coverage for prescription drugs, dental care, and long-term custodial or nursing home care.

Many companies offer supplemental "Medigap" policies to cover some or all of your "out-of-pocket" expenses that Medicare does not pay. The government requires that each of these "Medigap" plans provide one of 10 levels of benefits (Plans A-J). Plan A covers the least of your out-of-pocket expenses and is generally the least expensive while Plan J is the most generous and generally costs the most. Most provide little or no coverage for prescription drugs. While every company's policy must provide the same basic coverage for the level of coverage plan elected, their premiums may be very different.

The County's health insurance plans are not Medigap plans but still pay many of your out-of-pocket and prescription drug expenses. Generally, you will still be required

to pay the same deductibles and co-payments for your medical care that you paid before you had Medicare but in most cases, your monthly premium costs are reduced significantly. Also, if you are covered by a County health insurance plan you are not eligible to be covered by another Medigap plan.

For more information you may write for the publication entitled *Guide To Health Insurance For People With Medicare* available from: Medicare Publications, Health Care Financing Administration, 6325 Security Boulevard, Baltimore MD 21207 or any Social Security office.

Medicare should not be confused with Medicaid. Medicaid is the health plan for low-income individuals with limited assets and is usually operated by State welfare or human service agencies. Some individuals may qualify for both plans and may not have to pay any out-of-pocket expenses for their medical care. If you think you may qualify, call the Social Security Administration at 1-800-772-1213 and ask for a copy of the factsheet *Help for Low-Income Medicare Beneficiaries* (Publication No. 05-10079). You can also access Social Security and Medicare information by visiting the websites at www.socialsecurity.gov and www.medicare.gov respectively.

Laws governing Medicare, Medicaid and health insurance are subject to change. Watch the *Retiree Report* and other media for information.

Area Agency on Aging

Fairfax County has a reputation of being one of the best places in the country to find any type of service for the elderly. These services include senior centers throughout the County where classes and activities are held; many publications geared to the needs of the elderly; home based care programs providing meals, regular visits and other care for the homebound; help with housing, medical forms, and other needs; as well as many opportunities for volunteering and recreation tailored to seniors.

Many of these services are provided through Fairfax County's Area Agency on Aging. For more information about their programs call the Area Agency on Aging at 703-324-5411 (TDD 703-803-7914).

Most communities are served by their own Area Agencies on Aging or other government agency providing similar services. Consult your phone directory for more information.

Volunteer Opportunities

The Seniors in Action (SIA) is a Fairfax County program matching volunteers age 55 and over with community needs. Over 250 nonprofit agencies and organizations throughout Northern Virginia provide a wide range of volunteer opportunities. Volunteers may work 3-4 hours per week or more on activities including working in hospitals and mental health centers; reading to the visually handicapped; working with children as tutors, school aides, or living historians; organizing activities and crafts in nursing homes; helping in libraries; participating in archeological projects; conducting historic tours; serving on organizational boards, commissions and committees; assisting in

environmental projects; working in nonprofit thrift/gift shops; assisting the handicapped; providing transportation; conducting research/data collection; working with computers; and providing clerical/office support. For information contact 703-324-5411 and ask for the volunteer intake person (VIP) for Seniors in Action.

Retiree Association

The Fairfax County Retired Employees Association is open to any individual retired under the Fairfax County Employees' Retirement System. Besides being a voice on issues of importance to County retirees, the group tries to schedule a variety of recreational activities throughout the year. Annual dues are \$5.00 (July 1-June 30) or lifetime for \$50.00. For more information or to join, contact Dorris Medlin, Treasurer, at 703-256-6379.

Appendix

Health Insurance Rates

Retirement Application

Retiree Association Information